



# UNITED STATES PATENT AND TRADEMARK OFFICE

UNITED STATES DEPARTMENT OF COMMERCE  
United States Patent and Trademark Office  
Address: COMMISSIONER FOR PATENTS  
P.O. Box 1450  
Alexandria, Virginia 22313-1450  
www.uspto.gov

APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
13/449,715	04/18/2012	Paul J. Matsuda	79900-830242(080540USC5)	1560

66945 7590 06/20/2017  
KILPATRICK TOWNSEND & STOCKTON LLP/VISA  
Mailstop: IP Docketing - 22  
1100 Peachtree Street  
Suite 2800  
Atlanta, GA 30309

EXAMINER
----------

SHAAWAT, MUSSA A

ART UNIT	PAPER NUMBER
----------	--------------

3665

NOTIFICATION DATE	DELIVERY MODE
-------------------	---------------

06/20/2017

ELECTRONIC

**Please find below and/or attached an Office communication concerning this application or proceeding.**

The time period for reply, if any, is set in the attached communication.

Notice of the Office communication was sent electronically on above-indicated "Notification Date" to the following e-mail address(es):

ipefiling@kilpatricktownsend.com  
EDurrell@kilpatricktownsend.com  
KTSDocketing2@kilpatrick.foundationip.com

UNITED STATES PATENT AND TRADEMARK OFFICE

---

BEFORE THE PATENT TRIAL AND APPEAL BOARD

---

*Ex parte* PAUL J. MATSUDA,  
SARAH E. PERRY, and TRACY L. WILK

---

Appeal 2017-003087<sup>1</sup>  
Application 13/449,715<sup>2</sup>  
Technology Center 3600

---

Before MICHAEL W. KIM, MATTHEW S. MEYERS, and  
ROBERT J. SILVERMAN, *Administrative Patent Judges*.

MEYERS, *Administrative Patent Judge*.

DECISION ON APPEAL

STATEMENT OF THE CASE

Appellants appeal under 35 U.S.C. § 134(a) from the Examiner's Final Rejection of claims 40, 42–50, 52, 54–57, and 60–68. We have jurisdiction under 35 U.S.C. § 6(b).

We AFFIRM.

---

<sup>1</sup> Our decision references Appellants' Appeal Brief ("Appeal Br.," filed July 20, 2016) and Reply Brief ("Reply Br.," filed December 14, 2016), the Examiner's Answer ("Ans.," mailed October 14, 2016), and Final Office Action ("Final Act.," mailed February 18, 2016).

<sup>2</sup> Appellants identify Visa International Service Association as the real party in interest (Appeal Br. 2).

## CLAIMED INVENTION

Appellants' claims relate "to electronic commerce and more particularly to systems and methods for conducting electronic commerce between individuals" (Spec. 1, ll. 9–10).

Claims 40 and 50 are the independent claims on appeal. Claim 40 reproduced below, with minor formatting changes and added bracketed notations, is illustrative of the subject matter on appeal:

40. A method comprising:

[a] receiving, by a transaction server, a first payment card account for a first person from a first computer terminal operated by the first person, and a second payment card account for a second person from a second computer terminal operated by the second person;

[b] recording, by the transaction server, the first payment card account for the first person and the second payment card account for the second person;

[c] performing, by the transaction server, a first risk analysis process for the first payment card account and a second risk analysis process for the second payment card account, wherein the first risk analysis analyzes a past history of the first person attempting to register, a frequency of attempts at registration, other activity on the first payment card account being registered, a nature of the first user's e-mail address, an Internet dial-in location, or if the first payment card account is on a hot card list, and wherein the second risk analysis analyzes a past history of the second person attempting to register, a frequency of attempts at registration, other activity on the second payment card account being registered, a nature of the second person's e-mail address, an Internet dial-in location, and if the second payment card account is on a hot card list;

[d] receiving, by the transaction server, a request from the first computer terminal or the second computer terminal to conduct a transaction between the first person and the second person;

[e] debiting, by the transaction server, the first payment card account for the first person; and  
[f] crediting, by the transaction server, the second payment card account for the second person.

## REJECTION

Claims 40, 42–50, 52, 54–57, and 60–68 are rejected under 35 U.S.C. § 101 as directed to non-statutory subject matter.

## ANALYSIS

### *Non-statutory subject matter*

Appellants argue claims 40, 42–50, 52, 54–57, and 60–68 as a group (*see* Appeal Br. 5). We select claim 40 as representative. Claims 42–50, 52, 54–57, and 60–68 stand or fall with independent claim 40. *See* 37 C.F.R. § 41.37(c)(1)(iv).

Under 35 U.S.C. § 101, an invention is patent-eligible if it claims a “new and useful process, machine, manufacture, or composition of matter.” 35 U.S.C. § 101. The Supreme Court, however, has long interpreted § 101 to include an implicit exception: “[l]aws of nature, natural phenomena, and abstract ideas” are not patentable. *See, e.g., Alice Corp. Pty Ltd. v. CLS Bank Int’l*, 134 S. Ct. 2347, 2354 (2014).

The Supreme Court, in *Alice*, reiterated the two-step framework previously set forth in *Mayo Collaborative Services v. Prometheus Laboratories, Inc.*, 132 S. Ct. 1289, 1300 (2012), “for distinguishing patents that claim laws of nature, natural phenomena, and abstract ideas from those that claim patent-eligible applications of those concepts.” *Alice Corp.*, 134 S. Ct. at 2355. The first step in that analysis is to “determine whether the claims at issue are directed to one of those patent-ineligible concepts,” *id.*,

e.g., to an abstract idea. If the claims are not directed to a patent-ineligible concept, the inquiry ends. Otherwise, the inquiry proceeds to the second step where the elements of the claims are considered “individually and ‘as an ordered combination’” to determine whether there are additional elements that “‘transform the nature of the claim’ into a patent-eligible application.” *Alice Corp.*, 134 S. Ct. at 2355 (quoting *Mayo*, 132 S. Ct. at 1297).

The Court acknowledged in *Mayo*, that “all inventions at some level embody, use, reflect, rest upon, or apply laws of nature, natural phenomena, or abstract ideas.” *Mayo*, 132 S. Ct. at 1293. We, therefore, look to whether the claims focus on a specific means or method that improves the relevant technology or are instead directed to a result or effect that itself is the abstract idea and merely invoke generic processes and machinery. *See Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327, 1336 (Fed. Cir. 2016).

Here, in rejecting claims 40, 42–50, 52, 54–57, and 60–68, the Examiner finds the claims are “directed to the abstract idea of conducting electronic commerce between individual[s]” (Final Act. 2 (emphasis omitted)). The Examiner further finds that independent claim 40 does not include limitations that are “significantly more than the abstract idea itself” (*id.* at 2–6).

Appellants argue that the Examiner’s rejection is improper because the Examiner “fails to clearly identify what the abstract idea is” and also “fails to explain *why* the abstract ideas correspond to a concept that the courts have identified as an abstract idea” (Appeal Br. 5–9; *see also* Reply Br. 2–3). Appellants’ argument is not persuasive.

By way of background, the Examiner finds the claims are “directed to the abstract idea of conducting electronic commerce between individual[s]”

(Final Act. 2 (emphasis omitted)). In making this determination, the Examiner observes that

[t]he claims are directed to receiving, by the transaction server, a first payment card account . . . ; recording, by the transaction server, a first risk analysis process . . . ; performing, by the transaction server, a first risk analysis process for the payment card account and a second risk analysis process for the second payment card . . . ; receiving, by the transaction server, the first payment card account . . . ; debiting, by the transaction server, the first payment card account for the first person and crediting, by the transaction server, the second payment card account . . . .

(*Id.* at 4–5; *see also* Ans. 3–4). And, after considering what the claims are directed to, the Examiner finds independent claim 40

merely amounts to the application or instructions to apply the abstract idea (i.e. **conducting electronic commerce between individual[s]**) on a computer, and is considered to amount to nothing more than requiring a generic computer system (e.g. a processor; a generic input unit; a generic output unit; and a generic interface to allow the consumer to complete a transaction) to merely carry out the abstract idea itself.

(*Id.* at 6). Thus, we determine initially the Examiner has adequately articulated what abstract idea the claims are directed to.

To the extent Appellants argue that the Examiner erred in adequately supporting or explaining this determination by providing citation (*see* Reply Br. 2–4), we are unpersuaded. In this regard, there is no requirement that examiners must provide evidentiary support in every case before a conclusion can be made that a claim is directed to an abstract idea. *See, e.g.*, para. IV “July 2015 Update: Subject Matter Eligibility” to 2014 Interim Guidance on Subject Matter Eligibility (2014 IEG), 79 Fed. Reg. 74618 (Dec. 16, 2014)

The courts consider the determination of whether a claim is eligible (which involves identifying whether an exception such as an abstract idea is being claimed) to be *a question of law*. Accordingly, courts do not rely on evidence that a claimed concept is a judicial exception, and in most cases resolve the ultimate legal conclusion on eligibility without making any factual findings.

(*Id.* (emphasis added)). We agree that evidence may be helpful in certain situations where, for instance, facts are in dispute. But it is not always necessary. Based on the above analysis set forth by the Examiner, we are unpersuaded it is necessary in this case.

Instead, we need only look to other decisions where similar concepts were previously found abstract by the courts. *See Amdocs (Israel) Limited v. Openet Telecom, Inc.*, 841 F.3d 1288, 1294 (Fed. Cir. 2016) (“Instead of a definition [for what an ‘abstract idea’ encompasses], then, the decisional mechanism courts now apply is to examine earlier cases in which a similar or parallel descriptive nature can be seen—what prior cases were about, and which way they were decided.”)

To that end, as noted above, the Examiner finds

[t]he claims are directed to receiving, by the transaction server, a first payment card account . . . ; recording, by the transaction server, a first risk analysis process . . . ; performing, by the transaction server, a first risk analysis process for the payment card account and a second risk analysis process for the second payment card . . . ; receiving, by the transaction server, the first payment card account . . . ; debiting, by the transaction server, the first payment card account for the first person and crediting, by the transaction server, the second payment card account . . . .

(Final Act. 4–5; *see also* Ans. 3–4). Broadly, we agree that the Examiner is correct. And, according to Appellants’ Specification, “[t]he present invention relates to electronic commerce” (Spec. 1, l. 10) and “[m]ore

particularly to systems and methods for conducting electronic commerce between individuals” (*id.* at 1, ll. 10–11). The Specification further observes that “[m]any existing forms of payments in the physical world depend upon the seller’s ability to trust, or to identify the buyer” (*id.* at 2, ll. 1–2), but “[b]ecause of the anonymous nature of communication networks, new methods and systems must be developed to substitute for existing procedures used in physical world transactions” (*id.* at 2, ll. 22–24). The Specification, thus, identifies that “it would be desirable to provide a method and system which allows individuals to conduct transactions with other individuals using existing payment card” (*id.* at 3, ll. 8–9), and as such, the Specification describes “a person to person payment system and method . . . which allows individuals who have current and valid payment cards to make payment to and receive payment from other individuals who have current and valid payment cards” (Spec. 5, ll. 3–5).

In this regard, we find that the claims are more precisely directed to conducting a transaction between known individuals by debiting a first card account and crediting a second card account, although we do not discern that any gap between this finding and that of the Examiner is of any substantive significance. Furthermore, we are persuaded that either articulation of what the claims are “directed to” is a fundamental economic practice, in that it is analogous to the concept of intermediated settlement in *Alice*, and the concept of risk hedging in *Bilski v. Kappos*, 561 U.S. 593 (2010), and, thus, is an abstract idea beyond the scope of § 101. *See Alice Corp.*, 134 S. Ct. at 2356; *Bilski*, 561 U.S. at 611.

Appellants also argue that even if the claims are directed to an abstract idea, the claims are nonetheless directed to patent eligible subject matter like



the claims in *DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245, 1256 (Fed. Cir. 2014) (Appeal Br. 13–14). More particularly, Appellants argue that “[a]t the time of the invention . . . no widely available and effective payment scheme existed for trading places on the Internet” (*id.* at 13). Thus, Appellants maintain that “embodiments of the invention provided for more trustworthy, reliable, and efficient payment systems as compared to conventional systems for conducting payments,” and as such, “embodiments of the invention are rooted in computer technology and overcome problems specifically arising in the realm of computer technology” (*id.*).

The court cautioned in *DDR Holdings* that “not all claims purporting to address Internet-centric challenges are eligible for patent.” *DDR Holdings*, 773 F.3d at 1258. Thus, in *Ultramercial, Inc. v. Hulu, LLC*, 772 F.3d 709 (Fed. Cir. 2014), although the patentee argued that its claims were “directed to a specific method of advertising and content distribution that was previously unknown and never employed on the Internet before” (*id.* at 714), the court found that this alone could not render its claims patent-eligible where the claims merely recited the abstract idea of “offering media content in exchange for viewing an advertisement,” along with “routine additional steps such as updating an activity log, requiring a request from the consumer to view the ad, restrictions on public access, and use of the Internet.” *Id.* at 715–716.

Similarly here, we find that the invocation of the Internet is not sufficient to transform Appellants’ otherwise patent-ineligible abstract idea into patent-eligible subject matter. We find, as did the Examiner, that claim 40 is broadly directed to the abstract idea of “conducting electronic commerce between individual[s].” Narrowing that abstract idea to the

Internet merely limits the use of the abstract idea to a particular technological environment, which the Court made clear in *Alice* is insufficient to transform an otherwise patent-ineligible abstract idea into a patent-eligible subject matter. *See Alice Corp.*, 134 S. Ct. at 2358.

There is no indication here that the invocation of the Internet adds any inventive concept. For example, there is no indication that any specialized hardware is required. To the contrary, the Specification discloses that the “transaction server” of independent claim 40 is merely “larger computers or workstations configured and used to store data and information for retrieval over the Internet” (Spec. 9, ll. 9–10; *see also id.* at 10, ll. 23–26). The Specification further discloses that the “computer terminals” are “are small computers or ‘personal computers’ or workstations operated by human operators to retrieve, browse, or interact with information and service providers across the Internet” (*id.* at 9, ll. 7–9).

As such, the claimed invention does not involve a solution necessarily rooted in computer technology to overcome a problem specific to the realm of computer networks, but instead embodies the use of generic computer components in a conventional manner to perform an abstract idea, which, as the Court in *DDR Holdings* explained, is not patent eligible. *DDR Holdings*, 773 F.3d at 1256 (“[T]hese claims in substance were directed to nothing more than the performance of an abstract business practice on the Internet or using a conventional computer. Such claims are not patent-eligible.”).

Appellants also argue that the Examiner fails to satisfy the second step of the *Alice* analysis, because “[e]ven if the claims are directed to an abstract idea, the claims recite ‘significantly more’ than the abstract idea of ‘conducting electronic commerce between [individuals]’ and thus the claims

qualify as eligible subject matter under 35 U.S.C. [§] 101” (Appeal Br. 14 (emphasis omitted); *see also id.* at 15–18; Reply Br. 3–4). However, the only claim elements beyond the abstract idea are directed to the “transaction server” and first and second computer terminals on which the method of “conducting electronic commerce between individual[s]” is performed.

Considered as an ordered combination, we are unclear as to how these computer components add anything that is not already present when the steps of the method are considered separately. In this regard, Appellants do not provide adequate evidence or technical reasoning that claim 40 improves some existing *technological process* or solves some *technological problem* in conventional industry practice. *Versata Dev. Grp., Inc. v. SAP Am., Inc.*, 793 F.3d 1306, 1334 (Fed. Cir. 2015), *cert. denied*, 136 S. Ct. 2510, 195 L. Ed. 2d 841 (2016) (finding that the “claims recit[ed] a commonplace business method aimed at processing business information despite being applied on a general purpose computer.”); *see also Alice*, 134 S. Ct. at 2359.

Instead, independent claim 40 seems to amount to nothing significantly more than an instruction to apply the abstract idea of “conducting electronic commerce between individual[s]” by “receiving . . . a first payment card account . . . and a second payment card account,” “recording . . . the first [and second] payment card account[s],” “performing . . . a first [and second] risk analysis process” for the card accounts, “receiving . . . a request . . . to conduct a transaction between the first [card] and the second [card],” “debiting . . . the first payment card account,” and “crediting . . . the second payment card account,” which we are unpersuaded is enough to transform an abstract idea into a patent-eligible invention. *See Alice Corp.*, 134 S. Ct. at 2360.

Appellants also argue

the recited claim elements clearly “add[] a specific limitation other than what is well-understood, routine and conventional in the field” or “add[] unconventional steps that confine the claim to a particular useful application.” As evidenced by the fact that the claims are otherwise allowable over the prior art, they must add specific limitations that are not well-understood, routine, and conventional in the field.

(Appeal Br. 16). However, to the extent Appellants argue that the claims necessarily contain an “inventive concept” based on their alleged novelty and non-obviousness over the cited references, Appellants misapprehend the controlling precedent. That is, although the second step in the *Alice/Mayo* framework is termed a search for an “inventive concept,” the analysis is not an evaluation of novelty or non-obviousness, but rather, a search for “an element or combination of elements that is ‘sufficient to ensure that the patent in practice amounts to significantly more than a patent upon the [ineligible concept] itself.’” *Alice*, 134 S. Ct. at 2355. A novel and nonobvious claim directed to a purely abstract idea is, nonetheless, patent-ineligible. *See Mayo*, 132 S. Ct. at 1304.

Appellants further argue that

the claims recite meaningful limitations that sufficiently limit the practical application of any alleged abstract idea of “conducting electronic commerce between [individuals],” and thus do “not seek to tie up any judicial exception such that others cannot practice it” and thus constitute patent-eligible subject matter under 35 U.S.C. [§ ]101.

(Appeal Br. 11–12; *see also id.* at 14–15). However, Appellants’ preemption argument does not alter our § 101 analysis. Preemption concerns are fully addressed and made moot where a patent’s claims are deemed to disclose patent ineligible subject matter under the two-part

framework described in *Mayo* and *Alice*. *Ariosa Diagnostics, Inc. v. Sequenom, Inc.*, 788 F.3d 1371, 1379 (Fed. Cir. 2015). “While preemption may signal patent ineligible matter, the absence of complete preemption does not demonstrate patent eligibility.” *Id.*

In view of the foregoing, we sustain the Examiner’s rejection under 35 U.S.C. § 101 of independent claim 40, and claims 42–50, 52, 54–57, and 60–68, which fall with independent claim 40.

#### DECISION

The Examiner’s rejection of claims 40, 42–50, 52, 54–57, and 60–68 under 35 U.S.C. § 101 is affirmed.

No time period for taking any subsequent action in connection with this appeal may be extended under 37 C.F.R. § 1.136(a)(1)(iv).

AFFIRMED